

Chapter 7

'Look East' Policy

Evolution and Rationale

India's 'Look East' policy encompassing relations with its eastern neighbours, including the 10 ASEAN countries—Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam—as well as China, Japan, South Korea, Australia and New Zealand constitute an increasingly important dimension of India's foreign policy. With all countries there is an unprecedented level of engagement and, with the exception of China, that too only for the last two or three years, much greater mutual trust and confidence. Trade, economic and defence ties have been surging ahead. Air links, tourism and people-to-people ties have developed dramatically. This region is today India's largest trade partner—about 35 per cent of total trade—ahead of Europe as well as the US, and the rate of growth is comparatively much faster. It is an increasingly important source of foreign direct investment into India. Over the last five years, visits have been exchanged at the highest level with all countries.

Such a close engagement is a far cry from the early 1990s, when India embarked on its 'Look East' policy. The phrase itself correctly implies that till then India had not been paying sufficient attention to this region. Why was this so? After all, there is much that brings India and East Asia together—no history of war or conflict, only of peaceful interaction

through the flow of trade and the movement of people and the intermingling of cultures and ideas. Yet South Asia and East Asia have developed independently over the last few centuries. During the last five centuries, when Asia's destiny was primarily shaped by the colonial powers, memories of shared commonalities of history and culture weakened. In the post-colonial era, India and the nations of East Asia, despite some of them being fellow members of the Non-Aligned Movement (NAM), found themselves on opposite sides of the Cold War divide. The natural development of India's links with its eastern neighbours was blocked by the state of India's relations with Bangladesh and Myanmar. Bangladesh did not give adequate transit facilities to India. Myanmar was a closed society and its ties with India were quite minimal till the early 1990s. Finally, because of India's colonial links, the Indian elite tended to look towards the West rather than to its then relatively less developed eastern neighbours. While this historical legacy has ensured that there is no baggage to act as a drag on India–East Asia relations in the 21st century, it has also led to a situation where neither region has impinged very much on the other's consciousness and foreign policy priorities.

There is a strong economic rationale to India's 'Look East' policy. A combination of factors—the collapse of its valued economic partner, the Soviet Union, the financial crisis that hit India and the ineluctable logic of globalization—compelled India to embark on its economic reforms in 1991. This marked a decisive change of India's inward looking economic orientation towards a meaningful economic integration with the rest of the world. India's early assessment of the potential of the Southeast Asian countries was faulty, which explains why India did not take up an invitation to join ASEAN, but by the 1990s the 'Asian Tigers' had started roaring and compelled India's attention. Realising that it had missed some openings in the past because of its autarkic path of development, India was now keen on plugging into the dynamic ASEAN region that was rapidly evolving into a critical mass of global economic strength. In recent years the faltering of the Doha Round of global trade negotiations and the proliferation of regional trading arrangements in Asia have added urgency to this quest. India's growing self-confidence arising out of its success both

in meeting the challenges posed as well as in taking advantage of the opportunities offered by globalization has given it a new perspective on the importance of East Asia. As a reality check, however, it should be noted that trade with India currently is still a very small fraction of the overall trade of the East Asian countries.

India's 'Look East' policy is equally a response to the end of the Cold War, when natural relationships based on geographical contiguity and commonality of factors could be re-established. The global strategic environment had also changed. It was increasingly untenable, illogical and detrimental to India's long-term national interests to regard South Asia and East Asia as separate strategic and economic theatres interacting only on the margins. As frozen frontiers in Eurasia have thawed, and peace has returned to Indo-China, new transport and other economic arteries are coming up all around India. Eurasia has diversified its connectivity with the outside world, with new transport and energy corridors linking it to the rest of the world, particularly China. Myanmar, Thailand, Laos and Vietnam are being hard-wired with China and inexorably sucked into China's economic whirlpool. These mushrooming linkages will create new long-term political linkages and economic interdependencies among Asian countries. But as these leave out India, they threaten to keep India strategically and economically boxed up in the South Asian region, mired in dealings with its fractious neighbours. The continuing relatively low share of its South Asian neighbours in India's global trade gives India limited economic opportunities in its immediate neighbourhood. In order to fulfil its aspirations of playing a greater regional and global role, India needs an extended political and economic strategic space beyond South Asia. Given the constraints to India's west, a region full of imponderables, challenges and troubles, moreover one with a relatively small population, the east is the only direction in India's strategic neighbourhood where opportunity beckons.

More recently, an important domestic dimension emerged in India's 'Look East' policy, namely how to help the Northeast Region get over the handicap of its geographical location. India's strategy envisages the development of the Northeast

Region's communication and economic links with Myanmar and other Southeast Asian countries, thereby reducing the Northeast Region's overwhelming dependence on an unhelpful and uncooperative Bangladesh.

It was only at the turn of the century after India acquired credibility as a rising Asian power and an important potential economic partner that India's 'Look East' initiative elicited a serious response from ASEAN and later the other East Asian countries. As a nuclear weapons power, India is regarded as having the capability to play a 'swing' role in the global and regional balance of power. ASEAN, Japan and South Korea see closer ties with India as providing a useful balance and a hedge against China's current economic dominance and future uncertainties. Smaller countries in the region, fearing unilateralism by the big powers, see India as a potential security provider, even though it obviously cannot match China's military and economic power and presence in the region. Thus it is natural that India's defence cooperation, including joint exercises, coordinated patrolling, and training with many countries in ASEAN and East Asia should have dramatically grown in the last few years. India, which initially concentrated on the economic aspects of its 'Look East' policy, is now giving increasing attention to its security aspects. Counter-terrorism and transnational crime, an area of growing concern to ASEAN since the Bali bombings of 2003, is a fast growing area of cooperation with ASEAN as a whole and with ASEAN countries individually.

India and ASEAN

India's engagement with ASEAN has been central to India's 'Look East' policy. India initiated a sectoral dialogue with ASEAN in 1992, became a full Dialogue Partner and a member of the ASEAN Regional Forum (ARF) in 1996, leading up to an annual summit-level interaction since 2002. India wisely acceded to the Treaty of Amity and Cooperation in Southeast Asia as early as 2003. This step, together with India's offer to

conclude a FTA at the first India–ASEAN Summit in Cambodia in 2002, brought credibility to India’s seriousness of purpose in engaging with ASEAN. It has opened the doors to India’s membership of the East Asia Summit (EAS) and the Asia–Europe Meeting (ASEM). The heart of the India–ASEAN engagement is the Comprehensive Economic Cooperation Framework Agreement signed in 2003, which envisages the establishment of a FTA in goods, services and investment over the next decade or so. Tough negotiations caused a delay of more than three years in finalizing the FTA in goods. Negotiations were concluded in July–August 2008 and the India–ASEAN FTA in goods could be signed at the India–ASEAN summit in Thailand in early 2009. The global economic downturn may lead to a further delay in starting negotiations on an India–ASEAN FTA in services and investment.

Much better infrastructure, including connectivity by air, road, rail and sea is needed to sustain the anticipated accelerated all-round growth in relations between India and East Asia after the India–ASEAN FTA comes into force. As a result of India’s initiative to significantly liberalize its civil aviation policy, air connectivity between India and the region, particularly with ASEAN, has vastly improved since 2004. India is building many cross-border road links with Myanmar. An India–Myanmar–Thailand highway project from Moreh in India to Mae Sot in Thailand via Myanmar is under consideration although progress is much slower than originally envisaged because the three countries have not been able to agree upon the financial terms of the project. In 2004 there was a hugely successful India–ASEAN car rally starting from Guwahati and ending in Batam Island of Indonesia, just off Singapore, after passing through Myanmar, Thailand, Laos, Vietnam, Cambodia, Malaysia and Singapore. This event brought home to the people of both India and the ASEAN countries in a dramatic manner the little understood geographical contiguity of India, especially the Northeast Region and ASEAN. It did promote greater awareness of the potential for trade, tourism and people-to-people contacts between India and ASEAN, but there is a need for active follow-up. As for rail connectivity, India is conducting a

feasibility study for upgrading and building the missing links between Jiribam in Manipur and Mandalay in Myanmar and is assisting in upgrading the Mandalay–Yangon railway sector. The eventual goal is to establish a Delhi–Hanoi rail link via Myanmar, Thailand and Cambodia. Over time, these road and rail links could connect with the various north–south transport arteries being developed between China and Southeast Asia, thereby providing not only a cheap means of transport of goods, tourists and pilgrims between India and the Indo-China countries, but also overland connectivity between the heartlands of India and China via Southeast Asia. Such an economic artery, bypassing the Malacca Straits, would have enormous commercial and strategic implications.

East Asia Summit

India's participation in the first EAS in Kuala Lumpur in 2005 was the logical outcome and a symbol of the success and credibility of India's 'Look East' policy as well as of India's aspirations to be a global player. Arriving at an agreement on India's inclusion in the EAS was not easy. There was no unanimity either within ASEAN or among the ASEAN Plus Three (APT) countries, namely China, Japan and the Republic of Korea on whether India should be invited to be a part of the EAS from the very beginning. Many countries were of the view that any future East Asia Community should be confined to the APT. In the end, the consensus, reached with considerable difficulty, was that all sides stood to gain in the long-term by having a more inclusive approach to community building in Asia.

The results of the second and third EAS meetings in Cebu (Philippines) and Singapore give reason for cautious optimism that the EAS process is gradually evolving from being a mere talk shop into a forum for dialogue on broad strategic political and economic issues as well as being an important component of the emerging regional architecture. Cooperation is continuing in all the five priority areas that the first EAS meeting had identified, namely energy, finance, education,

disaster management and avian influenza—the last principally because it was an immediate concern when the first EAS was held. Energy got special attention both at the second and third EAS meetings which resulted in the adoption of concrete documents, namely the Cebu Declaration on East Asian Energy Security and the Singapore Declaration on Climate Change, Energy and the Environment, respectively. In the field of education, the EAS meetings have endorsed initiatives like the revival of Nalanda University in India, the United Nations' Alliance of Civilisations initiative as well as inter-societal and inter-faith dialogues. These would serve to improve regional understanding and appreciation for the rich and diverse heritage and history of the region.

Potentially more important is the progress on the economic and financial side. A Track-II study on a Comprehensive Economic Partnership in East Asia (CEPEA) will be considered by the fourth EAS meeting in Thailand in 2009. CEPEA will be worthwhile only if it builds upon and adds value to the existing FTAs among the EAS countries. An Economic Research Institute for ASEAN and East Asia (ERIA) has also been set up. The 2008 financial crisis has emphatically underlined the interconnectedness of economies around the world. It has also brought into focus the role that major Asian countries with growing economies and huge foreign exchange reserves can and must play in helping to resolve the world's economic and financial problems. One of the well-understood but little articulated reasons for looking at an East Asian Community seriously was to have a fallback strategy in case, as has happened, the negotiations on the Doha Development Round within the WTO fail. There is both challenge and opportunity before the EAS. An informal dialogue is already under way among senior officials of EAS on developing and diversifying financial markets. If the next EAS meeting can provide a strategic direction to fast-tracking a CEPEA and to playing an active role in the reform of the international financial system, the EAS process could become an important driver of the global economy.

The rest of the world also expects that Asia in general—and large populous countries like India and China in particular—will actively contribute to finding solutions to the problem of

climate change. Also noteworthy is the increasing salience of regional issues such as the situation on the Korean peninsula and Myanmar. WTO issues are also discussed in the EAS. In order to tackle its growing agenda, the EAS has changed its original position that it would be only a 'leaders-led' strategic forum, and has had to evolve coordinating mechanisms. Foreign ministers and senior officials now meet regularly, and an informal secretariat operates within the ASEAN Secretariat.

Mekong–Ganga Cooperation

Two supplementary prongs of India's 'Look East' policy are BIMSTEC (covered in Chapter 4) and the Mekong–Ganga Cooperation (MGC), an organization that brings together India with ASEAN countries Myanmar, Thailand, Cambodia, Laos and Vietnam. MGC is a sub-regional organization with considerable potential for cooperation in the fields of education, culture, tourism, and transport and communications. The MGC is a valuable framework that India could use to build ties with the CLMV countries of ASEAN that are geographically and culturally closest to India. Unfortunately, it has so far failed to live up to its promise. Meetings at the ministerial level have been sporadic. MGC has been hobbled by problems like absence of clear timelines, uncertainty about sources of funding, and inadequate implementation and review mechanisms. Another fundamental problem is that, given their relatively larger weight in the grouping, India and Thailand have to be the main drivers and sources of funding of MGC. However, Thailand lost interest in MGC after it set up the Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy (ACMECS) that brings together the same group of countries, minus India. The attention of all the non-Indian members of MGC, who are also members of the older established Greater Mekong Subregion (GMS) together with China's Yunnan province, is more focused on the GMS. If the honest recognition by the foreign ministers of the six countries at their last meeting at Manila in 2007 that progress has indeed been modest but not because of lack of

political will, spurs them on to give more serious attention to the MGC, perhaps it can revive as a meaningful organization. Most interesting is the new recognition that MGC along with ACMECS, BIMSTEC and GMS could work together on projects of common interest, including a transport cooperation proposal.

Bilateral Relationships

India's 'Look East' policy has not only strengthened India's relationship with ASEAN as a whole but also provided a complementary institutional framework and a catalyst for India's bilateral ties with individual ASEAN countries. Singapore has been the principal shepherd for India in ASEAN and played a critical role in bringing about the India-ASEAN engagement at the summit level as well as India's membership of the EAS. In keeping with its policy of staying ahead of the curve, it took a strategic view of India in the early 1990s at a time when not many countries were looking at India seriously. Singapore realized that with the rise of Shanghai as China's own financial centre and the transfer of Hong Kong back to China in 1997 it would be disadvantaged in doing business with China. It accordingly decided that it could play a catalytic role in India's economic transformation similar to what Hong Kong has traditionally played for China. It felt that if India as a whole developed greater long-term stakes in Singapore through inflow of investments, knowledge workers, tourists and students this would bring greater vitality to Singapore's economy and enhance its security. The result of Singapore's efforts, reciprocated by India, is the India-Singapore Comprehensive Economic Cooperation Agreement, the first of its kind for India, which has been operative since 2005. Over the last few years, there has been a noticeable spurt in India-Singapore trade and economic relations. Singapore is increasingly acting as a conduit for India-ASEAN trade that has surpassed the target of US \$30 billion for 2007. India also has an extensive defence cooperation programme with Singapore that is un-

matched in the rest of ASEAN. Overall, between India and Singapore there is a high level of mutual trust and confidence, extensive people-to-people ties and frequent exchanges of high-level official visits.

Apart from Myanmar (which as an immediate neighbour is a special case), Indonesia, Malaysia and Thailand are the three other ASEAN countries with which India has the greatest interaction. As by far the largest country in the region, Indonesia gives weight, credibility and stability to ASEAN. Given its strategic location linking the Pacific and the Indian Oceans, and its sprawling size from the borders of India to those of Australia, Indonesia is vital for regional stability. Indonesia is also the world's largest Muslim country, and whether it remains democratic, tolerant and secular or succumbs to incipient fundamentalist tendencies matters hugely to the rest of the world, including India. India had an indifferent relationship with Indonesia during the more than three decades of Soeharto's rule, but over the last decade or so the tempo of relations has rapidly picked up under his successors. A lot of the old warmth that characterized India's relations with Indonesia in the 1950s, when both countries were the leaders of the NAM has come back. During Indonesian President Yudhoyono's visit to India in November 2005, the two countries agreed to develop a 'New Strategic Partnership'. Since both are large developing countries, Indonesia's new leaders are keen to learn from India's experience of managing a pluralistic democratic society. Trade and economic cooperation, including investments, are growing and Indonesia is India's third largest trading partner in ASEAN after Singapore and Malaysia. India is keen to tap Indonesia's rich resources like gas, coal and timber. Defence and counter-terrorism are the growing areas of cooperation. Indonesia and India are maritime neighbours who undertake regular joint patrolling. Indonesia has become a valuable friend of India in ASEAN, the more so as Indonesia is trying to regain its traditional leadership role in ASEAN.

Malaysia is an important, complex and difficult country in ASEAN. It matters to India because of its economic dynamism (it is India's second largest trading partner in ASEAN), its Islamic orientation (it has a generally pro-Pakistan and pro-

Organization of Islamic Conference view on many matters), its sympathetic orientation towards China because of the control of its economy by businessmen of Chinese origin, and its considerable weight in ASEAN. Malaysia has more than two million citizens of Indian origin, mostly the descendants of the workers brought by colonial Britain from India to work on Malaysia's rubber, tin and palm oil plantations. The ruling ethnic Malay majority discriminates against this economically weak community at the lowest strata of Malaysia's society, which at times creates ripples among the public in India as during the widespread Hindu Rights Action Force (HINDRAF) agitation in Malaysia in 2007. The attitude of the ethnic Malays towards Malaysian citizens of Indian origin also seems to regrettably colour Malaysia's attitude towards India. Despite the high level of trade, and the extensive involvement of Malaysian companies in road-building, housing and other infrastructure projects in India and of Indian companies in Malaysia's infrastructure and information technology sectors, India's relations with Malaysia continue to be marked by tension and a degree of mistrust.

As maritime neighbours, and in view of the fact that many insurgent groups from the Northeast Region use Thailand as a base, Thailand and India understandably give each other special attention and cooperate closely on counter-terrorism and defence. Thailand remains an attractive tourist destination for Indians. Under Prime Minister Thaksin Shinawatra, Thailand was very aggressive in pursuing closer ties with India as part of its 'Look West' policy. In order to give a boost to the modest level of trade, India and Thailand signed a Framework Agreement for FTA in goods in 2003, but both sides have gone slow in concluding negotiations. The operation of the Early Harvest Programme that has come into effect has created misgivings among some sections of Indian industry. Imports of some products from Thailand have put them at a serious disadvantage. Thailand's geographical location gives it a natural advantage in facilitating India's engagement with the Indo-China countries. For a while, after the departure of Malaysia's long-standing Prime Minister Mahathir, Thailand tried to position itself as the natural leader of ASEAN and India's

principal interlocutor with ASEAN. While that has not fructified, Thailand does remain relevant for India's engagement with the CLMV countries and is the only developed member of ASEAN that is involved with India in sub-regional mechanisms like BIMSTEC and the MGC. On the whole, India's relations with Thailand are marked by warmth, cordiality and confidence.

Although the Philippines and Vietnam are the two largest countries of ASEAN after Indonesia, the level of India's interaction with them is disappointingly low. Traditionally, India has not figured on the radar screen of the Philippines, which has generally been more focused on its relations with ASEAN members, other countries in East Asia and the US. It is only as a result of India's summit-level dialogue with ASEAN, India's membership of the EAS and the exchange of Presidential visits in 2006–2007 that there has been some movement in bilateral relations, including cooperation in the field of defence and counter-terrorism. Vietnam and India were close friends during the Cold War years, but the residual goodwill of that period has not translated into any concrete benefits for India as Vietnam has focused on rebuilding its economy and working out stable equations with its giant neighbour, China, and the US. In many respects, India and Vietnam are competitors in the world market. Nevertheless, there is valuable and growing defence cooperation between India and Vietnam. India is also assisting Vietnam, both bilaterally and within the framework of ASEAN, in the areas of technical and scientific cooperation, in human resources development and in setting up projects funded by relatively cheap credit lines. India has also made profitable investments in Vietnam's hydrocarbons sector. India's relations with the two smaller Indo-China countries of Cambodia and Laos are characterized by generous assistance on similar lines, as well as some defence cooperation. India's assistance to the CLMV countries is given both bilaterally as well as through ASEAN's Initiative for ASEAN Integration (IAI) which aims to bring these four new members of ASEAN to the same level of development as the original members. India could also tap more aggressively and systematically the Asian Development Bank (ADB) for resources to complement its

own for regional road, rail and inland waterways connectivity projects with ASEAN.

Despite Japan being a country with which India has no direct conflict of interest, whether ideological, cultural or territorial, India and Japan remained strangely distant from each other throughout the 20th century. Jawaharlal Nehru's gesture of friendship in not signing the 1951 San Francisco Treaty as he felt it offended the dignity of Japan—India signed a separate peace treaty with Japan in 1952 in which all war claims against Japan were waived—and the goodwill in Japan arising out of the dissenting judgement of Justice Radha Binod Pal in the Tokyo War Crimes Tribunal holding Japan's wartime leaders as not guilty, could not somehow be translated into a meaningful all-round relationship commensurate with the fact that India was a large but developing Asian country and Japan the world's second largest economy. For many decades this relationship was relatively undeveloped in all respects, be it trade, investments, tourism, or just mutual awareness. The most substantial aspect of bilateral relations was the Official Development Assistance (ODA) that Japan began to give India in 1958, perhaps as gratitude for India's support for Japan in international forums. India was the first country to get aid from Japan and even today it remains the largest recipient of Japanese ODA. Japan was also very helpful at the time of India's financial crisis in 1991.

It was only with the visit of the Japanese Prime Minister Mori to India in 2000 that Japan began to look at India seriously. India's nuclear weapons power status, its growing economy and the fact that even the US was beginning a serious engagement with India impelled Japan to take a second look at India. Since Japanese Prime Minister Koizumi's visit to India in April 2005, the relationship has begun to blossom and is steadily evolving into a 'strategic and global partnership'. The leaders of India and Japan hold regular summit meetings, at least once a year. Japanese business houses have begun to show interest in dealing with India. Japanese investors have been active in the Indian stock market. The proposed Comprehensive Economic Partnership Agreement agreed upon by the leaders of Japan and India that is currently being

negotiated is an important initiative with considerable long-term economic and strategic significance. India hopes to attract large-scale Japanese investments into India and access Japan's enormous strengths in cutting edge technologies of the 'knowledge economy', while Japan wishes to gain access to India's large market and tap into India's talent pool. India and Japan were together in the G-4 initiative to secure Permanent Membership of the UN Security Council. Japan was also extremely helpful in pushing India's case for membership of the EAS and shares India's vision of community-building in Asia. Defence and security cooperation has grown. While of late there is a welcome official-level emphasis on developing more extensive cultural, academic and people-to-people ties between India and Japan, at the popular level there is need to do more to convince the Japanese people about India's long-term value and reliability. At the end of the day, Japan's primary foreign policy focus remains China, and its attitude towards India is somewhat inconsistent since it is influenced to a great extent by the state of its relations with China.

There has been a similar rediscovery of India by the Republic of Korea, or South Korea, in recent years. Unlike the case with Japan, it is South Korea's business and industrial sector that is driving the bilateral relationship. Many leading South Korean companies have aggressively established themselves in Indian markets, in particular in the automobile, white goods and telecommunications sectors, and are actively pursuing possibilities in the steel and information technology sectors. Many have decided to use India as a global manufacturing hub that can cater to markets in Asia and elsewhere. Indian companies too are now buying into South Korean companies. Economic relations are expected to get a qualitative jump once the Comprehensive Economic Partnership Agreement, on which negotiations have been completed, comes into force. This would also be the first such agreement that India would sign with a country belonging to the Organization for Economic Cooperation and Development (OECD), thereby creating new challenges and benchmarks for India's economic reforms. The interdependencies that are being forged today are likely to be long-term ones. Regular high-level political exchanges

have consolidated economic relations. Recent landmark visits were those of the South Korean President to India in October 2004 when a Long Term Cooperative Partnership for Peace and Prosperity was concluded and of the Indian President to South Korea in February 2006. There is also a growing defence relationship with South Korea. However, an important question that India will have to consider is whether any political contradictions are likely to develop between India's relations with China on the one hand, and those with Japan and South Korea, on the other.

In accordance with India's 'One China' policy, India does not recognize Taiwan. It has no diplomatic relations with Taiwan and did not even establish unofficial relations till as late as 1995. India has established an office of the India-Taipei Association to handle its interests in Taiwan, while Taiwan does the same through a Taiwan Economic and Cultural Centre in New Delhi. Over the years, Taiwan has emerged as an important economic partner of India in East Asia. Since 2002, there are direct air flights between Taiwan and India. As Taiwan has many technologies of interest to India and significant investible resources, trade and investment is at a healthy level though still below potential. But India has been generally discreet about its contacts with Taiwan, which have been mostly at the non-official and middle-level official levels. It was only after 2006, presumably as a signal of its displeasure with China at various political and military provocations by the latter, that India was bold enough to have exchanges with Taiwan's political leaders. This is a welcome activism in India's Taiwan policy. Apart from signalling that India too could activate some options vis-à-vis China, Taiwan could be a useful perch for China-watching. India will also have to keep a close eye on the state of Taiwan-China relations, particularly after the Kuomintang (KMT) has come to power in the 2008 elections in Taiwan, since the KMT favours reunification with China and its position on the border issue is the same as that of the Chinese Government. Any normalization of Taiwan-China relations would enable China to shift many of its missiles and other military equipments currently targeted at Taiwan to areas like Tibet and Xinjiang where they would change the military balance and create security headaches for India.

Relations with Australia, which received a severe setback after Pokharan-II, are fully back on track. India is interested in Australia's rich resources of oil, gas, coal, uranium and other minerals. Australia sees India as an attractive market. The large and rapidly growing Indian diaspora in Australia and New Zealand acts as a valuable bridge, as in other English-speaking countries, to bring India closer to these two Pacific countries. India's bilateral relations with both these countries have got a boost ever since all three became members of the EAS.

Vision of Asia in the 21st Century

It is generally accepted that by 2020, globalization would have a distinctly Asian face. The ongoing financial crisis that has led to the collapse of many Western banks and financial institutions has only reinforced this conviction. The emergence of Asia as a new and independent pole of growth and influence could change strategic equations within Asia as well as globally. However, Asia can play a larger role in the world in the coming decades only if all major and emerging powers synergize their respective strengths rather than remain in competition. On current trends, India's economic strength, political influence and military power are expected to steadily increase in the coming decades. India's geographical location gives it a dominant position in the heart of the Indian Ocean, with major global energy and trade sea-lines of communication passing very close to India-controlled waters. With a diaspora of 5 million in the Gulf, India has vital interests in, and considerable influence over, this energy-rich region. For all these considerations, it is in the economic and strategic interest of the rest of Asia that a major and growing Asian power like India be integrated with the rest of Asia. This is an important goal and challenge for Indian diplomacy in the coming years.

India's bold long-term vision for East Asia is one of a community of nations from the Himalayas to the Pacific with the largest Asian economies of Japan, China, South Korea, ASEAN and India at its core, which could constitute a new

driver of growth for the global economy and be an anchor of stability and development in Asia. The building blocks of such a community are already being put in place. The FTAs in place or being negotiated among the major Asian countries could naturally evolve, step-by-step, into a broader regional trade and investment architecture that would provide optimal benefits, stronger synergies and deeper complementarities for all participants. Many other Asian nations share such a vision.

Translating this vision into reality will not be easy. Considerable persistence and collective wisdom will be needed to overcome existing contradictions and rivalries among EAS members. Any sharp and prolonged deterioration in China's relations with Japan or India will inevitably affect the EAS process. China is wary of India's growing ties with the ASEAN countries, particularly with the new and relatively less developed members like Cambodia, Laos, Myanmar and Vietnam where India can compete more effectively than in the more developed ASEAN countries. Sustained and skilful diplomacy will be needed to build a consensus for a more inclusive approach to community-building since China and some ASEAN countries continue to prefer the APT mechanism rather than the EAS as the framework for East Asian community-building. APT definitely has the advantage of being an older organization, with many projects of functional cooperation that testify to the high level of economic integration among the APT members. APT is also a very important framework for China-Japan engagement.

Expansion of the membership of the EAS poses some tricky dilemmas. The US had remained out of the EAS partly because it was preoccupied with Afghanistan, Iraq, Iran and the Middle East, and partly because it had assumed it to be another talk-shop. If the EAS shows signs of evolving into a serious organization, the US will not want to be excluded from it, and has multiple leverages against many EAS members to get its way. The problem is that if the US becomes a member, the EAS cannot provide the framework for a pan-Asian entity having an independent standing and influence. Further, if the US joins, then Russia, which has been very keen on EAS membership from the very beginning, would surely push for

its presence in this body. The EAS has prudently decided not to consider any expansion of its membership for the moment. In a long-term perspective, however, the issue of EAS expansion cannot be ducked.

Other knotty issues will also have to be tackled. Will the EAS compete with the Asia–Pacific Economic Cooperation (APEC), the US' preferred forum, which does not yet include India? What does one do with East Asian countries having laggard economies and unstable polities located outside the current EAS membership? North Korea and Taiwan will pose the most difficult dilemmas. In the longer term, it might be unrealistic to have an East Asia framework that continues to exclude Taiwan and North Korea. It is only appropriate that across Asia some thinking should have begun on designing an Asian security architecture.